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Next-generation insurance:

AI-led innovation for elevated CX

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FOREWORD

Imagine a world where a driver's insurance premium adjusts in real-time based on their driving–creating a connected, hyper-personalized, and zero-touch experience. What once seemed futuristic is now a reality, underscoring the power of **differentiation through exceptional experiences.**

For too long, insurers have seen customer service as a cost center–an unavoidable operational necessity. But today, we recognize it for what it truly is: a powerful growth lever. I'm seeing firsthand how total experience–spanning customer, product, employee, and digital experiences–is quickly emerging as a key differentiator for insurers. And the best experiences are invisible, requiring no active effort from the customer or the provider.

In an era where customer expectations are evolving at an unprecedented pace, the insurance industry faces a defining moment: the shift from self-service models to **intelligent, agentic AI-driven customer experiences.** This will drive enormous customer trust–a winning proposition in today's softening market.

Traditional automation told customers how to navigate complex processes and work their way to resolution. Agentic AI does the work for the customer. It understands the goal and pursues it, much like a human would, dynamically generating solutions, integrating with backend systems, and seamlessly executing processes. The result? Frictionless, intelligent, and deeply personalized service that doesn't just resolve issues–it strengthens relationships and builds loyalty.

But this shift isn't just about AI. It's about AI and human expertise working together in a way that maximizes impact. The role of humans is shifting from execution to supervision–from being the human in the loop to being on the loop–ensuring everything runs seamlessly and efficiently, while mitigating risks. This offers insurers the confidence that critical decisions remain guided by human judgment.

For industry leaders, this is a call to act. As AI's role continues to evolve, it is time to harness the power of AI–not just to serve, but to lead.

To help you navigate this shift, we are excited to present this whitepaper from Everest Group. We look forward to exploring these ideas with you, hearing your thoughts, and helping you shape the future of insurance.

Everest Group®

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Introduction

Today's insurance industry is at a pivotal crossroads, struggling with commoditization challenges and increasing relevance in developing markets such as Asia, Latin America, and Africa. Insurance offerings have become more commoditized due to the rapid proliferation of information via digital and social media channels, the widespread availability of mature insurance products, and easy access to competitive alternatives.

As customers become more informed and selective, traditional product-based differentiation is no longer sufficient for insurers to gaining market share. Instead, delivering a superior Customer Experience (CX) is the key to gain a competitive advantage. To succeed, insurers must prioritize seamless, personalized, multi-channel interactions throughout the customer journey. Those who excel in CX will build customer loyalty, improve retention, and strengthen their positions in a crowded marketplace.

Given this scenario, transformation is no longer optional. Decision-makers across the insurance industry must rethink their strategies, moving beyond established processes and conventional product differentiation.

A recent example highlighted in a public study by Rational Walk shows Geico's recent market share loss to Progressive in the auto insurance segment. Geico's slow adoption of digital transformation and reliance on legacy systems led to operational inefficiencies and delays in adapting to market changes. These issues reduced customer satisfaction and retention, resulting in cost pressures, workforce downsizing, and a 1.4% market share decline in 2023, the largest decline among the top 10 US-based auto insurers. Therefore, this example highlights the urgency for insurers to embrace cutting-edge technologies to enhance CX for their future success.

This Viewpoint evaluates Customer Experience Management (CXM)'s transformative role in the insurance sector. It examines how insurers can harness various transformations to elevate CX and facilitate a smooth customer journey. The Viewpoint discusses:

- An overview of CX transformations across the insurance value chain
- CX transformations' impact on customer journeys, different insurance stakeholders, and expected trends that will shape the industry in the future
- How enterprises can effectively integrate regulatory requirements into their CX strategies and platforms
- Providers' role in optimizing CXM solutions and achieving business results

A new era in insurance

CX transformations are taking place across the insurance value chain to align with evolving customer expectations. Data, technology, and AI are being increasingly leveraged to redefine customer journeys, leading to improved customer satisfaction and improvement in business outcomes.

Changing customer expectations

In recent years, customer expectations in the insurance industry have evolved due to technology advances and changing consumer behaviors. Customers now demand highly personalized insurance solutions tailored to their unique needs and lifestyles.

According to a survey by Everest Group, over 60% of consumers pay their premiums online or through auto-deduction, highlighting a preference for convenience and digital-first interactions.

There is also a growing appetite for personalized services, with nearly 60% of consumers open to sharing personal data, such as driving styles, home security information, and lifestyle habits, in exchange for customized, cost-effective insurance plans.

Several customers are also willing to share health-related data from wearables or smart devices if it means gaining access to wellness programs, rewards, or discounts tied to their fitness activities.

Digital engagement and seamless experiences across channels have become essential as customers increasingly prefer self-service portals, virtual assistants, and chatbots for efficient, real-time interactions. Customers also demand faster service delivery with minimal paperwork and complete transparency in pricing, policy terms, and claims settlement process.

These altering customer expectations have compelled insurers to reassess their business and technology priorities. Insurers are now investing significantly in digital solutions and data-driven personalization to deliver seamless, transparent, efficient CX.

Exhibit 1 shows the ever-evolving insurance industry landscape and how insurers have been pivoting their business and technology strategies over time.

Exhibit 1: The evolving insurance industry landscape

Source: Everest Group (2025)

	Business priorities	Tech priorities
The transition to digitalization **2000**	Expanding market reach through traditional channels. Emphasizing product diversification and underwriting process improvement.	Adopting essential digital tools for Customer Relationship Management (CRM) and policy administration. Integrating online platforms for basic customer interactions.
The digital transformation era	Increasing focus on CX and personalized offerings. Expanding to emerging markets.	Implementing advanced analytics for risk assessment and customer segmentation. Introducing mobile applications and online portals for policy management.
InsurTech disruptions and data analytics **2015**	Collaborating with Insurtech vendors for innovation. Leveraging internal and external data for precise underwriting. Integrating front- and back-office processes for increased personalization across customer interaction channels. Enhancing customer engagement through data-driven insights.	Embracing Insurtech solutions for process optimization and customer engagement. Integrating AI and ML for data analytics. Ensuring legacy modernization and cloud migration for scale and value from operational efficiencies.
Holistic customer-centric solutions	Prioritizing a customer-centric approach to offer holistic solutions. Using software-defined platforms to align IT, data, and business through shared Objectives and Key Results (OKRs). Integrating sustainable and ethical practices.	Using real-time pricing adjustments and granular risk segmentation. Streamlining data and IT for AI-driven insights. Implementing AI-enabled personalized risk assessments and recommendations. Leveraging integrated platform models for seamless front-to-back operations. Employing digital portals for agents and brokers.
Hyper-personal, real-time, zero-touch, and proactive **2025 and beyond**	Employing end-to-end automation across the value chain for immediate assistance and damage assessment to reduce the need for manual intervention, processes. Implementing proactive engagement with minimal manual intervention, promoting healthier habits via lowered premiums. Converging life, health, and wealth management services to meet diverse consumer needs.	Leveraging smart, connected IoT to support data collection and real-time monitoring to enable dynamic risk assessment, underwriting, and claims processing. Adopting agentic AI, reasoning, and LAM for real-time data analytics at source, offering personalized risk assessments and recommendations. Implementing instantaneous response systems to enable proactive care with autonomous drones and VR/AR platforms for scaled interactivity.

Redefining the customer journey through data, technology, and AI

The insurance industry has always sought to understand its customers, who they are, what they value, and how they behave. Historically, this understanding was limited by siloed data and disjointed communication channels, offering only fragmented insights. Every customer interaction, be it a phone call, an email, or a social media inquiry, provided a partial view of the customer.

This fragmented approach is being replaced by integrating data, technology, and AI. Generative AI and other cutting-edge technologies now connect every interaction, creating a cohesive, evolving narrative. Application Programming Interfaces (APIs) and integration frameworks enable legacy systems to work seamlessly with modern platforms, while ML algorithms reveal hidden patterns in vast datasets. IoT devices inject real-world context, from driving habits to home security data. These technologies offer insurers a dynamic, real-time, 360-degree view of each customer's insurance journey, delivering unprecedented granularity and insight.

This technology evolution represents a fundamental shift in the insurer-customer relationship. With a comprehensive, real-time customer view, insurers are migrating from reactive to proactive engagement strategies. Instead of only responding to claims or inquiries, insurers can anticipate customer needs, mitigate risks, and offer personalized solutions before concerns arise. Each interaction is informed by an in-depth understanding of the customer, enabling tailored experiences and timely interventions that build trust and loyalty.

For example, Allstate's ABIe, an AI-powered digital assistant, differentiates itself in the competitive landscape of virtual assistants through its insightful features. As a back-office virtual Subject Matter Expert (SME), it guides agents working on commercial insurance quotes and serves as a training tool for new hires to familiarize themselves with the company's products and processes. On the customer-facing side, it answers small business owners' frequently asked questions with detailed, context-aware responses, empowering them to make informed decisions without needing agent support. ABIe exemplifies how insurers leverage AI to redefine customer engagement, offering personalized, anticipatory support.

Exhibit 2 lists transformations at various customer journey stages in the insurance industry.

Exhibit 2: CX transformations across the customer journey in the insurance industry

Source: Everest Group (2025)

01 Pre-issuance

Initial application submission

Intuitive interfaces and automation simplify form-filling, while advanced data collection through APIs creates accurate risk profiles.

Quote creation

Predictive analytics and real-time data from IoT sensors offer personalized and current insurance quotes.

02 Issuance

Policy binding

Digital workflows and automated decision-making tools streamline approvals, while e-signatures and instant document generation eliminate paperwork and enable prompt policy binding.

Policy issuance

Policies are delivered through emails, portals, and apps, with personalized updates and automated notifications to inform customer.

03 Post-issuance

Policy servicing

Insurers engage policyholders with updates and personalized content through digital channels for self-service management, renewals, and payments.

Claims reporting and intake

Automated intake processes and AI chatbots streamline claim filing and initial interactions.

Claims review and investigation

AI and ML analyze claims for fraud, expedite tasks, and prioritize claims based on complexity and urgency.

Customer update and outreach

Proactive communication to keep claimants informed with regular updates and personalized notifications.

Claims settlement

Automated systems process payments quickly and accurately, while feedback surveys and post-settlement support address additional questions.

Satisfied customers and empowered stakeholders

CX transformations streamline processes, enhance service delivery, and improve interactions across the customer life cycle. Implementing a nuanced outreach program beyond traditional touchpoints, such as onboarding, claims, and renewals, is an understated yet powerful outcome of these transformations in the insurance industry. By leveraging data, insurers can identify uninsured individuals or dissatisfied customers of competitors and proactively engage them with personalized outreach. This strategy enhances customer acquisition and improves lead conversion by addressing specific needs and pain points with tailored solutions. In a competitive market, such strategic, personalized engagement drives significant growth.

These CX transformations benefit policyholders by improving their overall experience. They also empower key stakeholders, including agents, brokers, Third Party Administrators (TPAs), Managing General Agents (MGAs), underwriters, claim adjusters, and actuaries, by simplifying their tasks and enabling them to provide more efficient, accurate, and personalized services.

Exhibit 3 illustrates CX transformations' impact on stakeholders' daily activities in the insurance sector.

Exhibit 3: CX transformations' impact on insurance stakeholders

Source: Everest Group (2025)

For policyholders, this translates into faster, more personalized service, increased transparency, and quicker claims settlement

	CX transformation use cases	Impact
Agents and brokers	• Automated form-filling and data collection • Predictive analytics and IoT data	• Significant reduction in administrative tasks and increased focus on client engagement • Deliver tailored insurance solutions and personalized quotes
TPAs and MGAs	• Digital workflows and automation capabilities • Self-service portals	• Streamlined policy binding and issuance, enabling them to manage larger portfolios efficiently • Significant reduction in routine customer inquiries, freeing staff to handle more complex cases
Underwriters	• AI-powered risk profiling and real-time IoT data • Automated approval systems	• Faster and more accurate risk assessments • Expedited underwriting processes and error reduction
Claim adjusters	• Automated claims reporting, AI-driven fraud detection, and prioritization tools • Proactive communication systems	• Increased investigation speed and enhanced claims handling accuracy • Better informed claimants
Actuaries	Predictive analytics and real-time IoT data	Improved risk modeling and pricing strategies

Driving improved business outcomes

CX transformations benefit stakeholders across the insurance value chain and directly impact key operational metrics. For example, Lincoln Financial introduced a new automated underwriting process to reduce the turnaround time to under 10 hours in 2022. It issued a policy to a client within six hours without any hassle. Similarly, Lemonade, a US-based insurer, uses an AI-powered bot, Jim, to handle claims instantly. When a customer files a claim, Jim leverages ML algorithms to detect fraud and assess the damage based on submitted photos or videos submitted. In many cases, Jim approves and settles claims in minutes, delivering unprecedented efficiency and customer satisfaction. This streamlines operations and significantly reduces costs associated with manual claims processing.

Regulatory compliance in the insurance industry

Existing regulations in the industry

Insurance is among the most regulated industries, with strict compliance requirements to protect consumers, ensure market stability, and maintain trust. Non-adherence has serious consequences for insurers, including hefty fines, legal penalties, reputational damage, and loss of consumer confidence. Regulatory bodies impose stringent guidelines on data protection, financial solvency, risk management, and consumer rights, making compliance vital for insurers.

For instance, the US Time is Money initiative launched in August 2024 emphasizes paperless, timely claims processing and payouts. Insurers must prioritize digital channels, enhance operational efficiency, and minimize delays.

Failure to meet timelines and comply to regulations can result in financial penalties and increased regulatory scrutiny. Non-compliance risks include operational disruptions, reduced competitiveness, and, in severe cases, license revocation.

Historical cases also highlight non-compliance costs. In 2015, Premera Blue Cross faced a US$6.5 million HIPPA fine after a data breach exposed the sensitive information of 10.4 million customers globally. Similarly, in 2016, the Financial Industry Regulatory Authority (FINRA) fined MetLife US$25 million for failing to disclose material data on payouts, pension benefits, and features of annuity products. Prioritizing compliance safeguards business integrity and maintains market credibility. Thus, insurers increasingly integrate regulatory requirements into their CX strategies and platforms. Exhibit 4 highlights how insurers integrate regulatory compliances into their CX strategies.

Exhibit 4: Integrating regulatory requirements into insurance CX strategies

Source: Everest Group (2025)

Automated compliance checks

Using AI and ML, enterprises automate compliance checks during customer interactions, flagging potential issues and verifying that communications meet regulatory standards.

Transparent communication

Insurers reinforce that all customer communications regarding policy terms, claims processes, and data use are clear and transparent to build trust and facilitate compliance with consumer protection laws.

Real-time fraud identification

To protect customers' accounts and transactions from fraudulent activities, insurers invest in AI-powered fraud detection algorithms to identify suspicious activities in real time.

Employee training

Regular training programs on compliance requirements and their incorporation into customer interactions are conducted for employees to maintain highly compliant service standards.

Data security measures

Insurers implement robust data security protocols, such as encryption, secure data storage, and regular audits, to comply with regulations such as GDPR and HIPAA.

Cross-functional approach

Insurers are adopting a cross-functional approach to compliance, coordinating activities across departments through compliance controls, automation, and digital processes.

Third-party service providers' role in achieving business results

Key reasons to collaborate with providers

Insurance enterprises face significant challenges navigating the dynamic regulatory compliance landscape. The rapid introduction of new regulations across industries and regions, including AI-related standards, adds complexity. Providers address these challenges by offering compliant solutions and platforms aligned seamlessly with evolving compliance standards.

Collaborating with experienced partners reduces risks and allows insurance enterprises to prioritize core business objectives while ensuring compliance needs are efficiently managed.

Providers possess several capabilities to aid insurance enterprises, which we discuss below:

- **Domain expertise:** Providers bring in-depth domain expertise, offering AI-driven customer insights, dynamic risk assessment through predictive analytics for accurate underwriting, and routine process automation, such as premium calculations and document verification. They also share cross-industry benchmarks and best practices to help insurers stay competitive regarding recent industry trends and the latest technologies
- **Integrated technology ecosystem:** Providers deliver proprietary technology solutions while creating integrated ecosystems connecting platforms, tools, and data sources. These ecosystems allow real-time data sharing across departmental silos throughout the value chain, optimize workflows, reduce costs, and meet evolving customer expectations, positioning insurers for long-term success in a competitive market
- **Data security:** Providers offer strong data encryption protocols to protect sensitive customer data. These protocols integrate with third-party systems, such as Customer Relationship Management (CRM) platforms, policy management systems, and underwriting software via APIs. CXM providers also provide multi-factor authentication for insurance employees and customers, requiring additional verification steps, such as a text message code or biometrics, and tokenization, replacing sensitive data with non-sensitive equivalents stored separately
- **Technology skills:** Third-party service providers offer advanced tools, including data analytics, AI-driven insights, automation, and omnichannel communication platforms. These solutions personalize customer experiences, predict behavior, and streamline operations across touchpoints

- **A 360-degree customer journey view:** Partnering with providers empowers insurers to gain a comprehensive, data-driven view of customer journeys across touchpoints and interactions using Customer Data Platforms (CDPs), CRM systems, and Voice of
- **Agility:** Collaborating with providers helps insurers quickly launch new products, update policies, and respond to market changes with increased flexibility and speed
- **Risk mitigation:** Insurance enterprises face diverse risks, from customer retention challenges to regulatory compliance and data security threats. Collaborating with providers specializing in advanced risk management solutions, such as predictive analytics and ML, offers insurers in-depth insights into risk factors, improving underwriting profitability through smarter decision-making

By enhancing customer experiences, driving operational efficiency, and enabling data-driven decision-making, providers help insurers achieve revenue growth, customer loyalty, and long-term success.

The insurance industry's transition from a digital laggard to an evolving, tech-first landscape

As we look toward the insurance industry's future, it is evident that customer experience will be the key differentiator in a highly competitive market where traditional products have become increasingly similar.

Exhibit 5 shows how integrating advanced technologies and implementing innovative approaches in different insurance processes can transform customer interactions.

"Data and technology absolutely play a key role in shaping the future of customer service. By harnessing the power of AI, we can provide personalized solutions, automate processes, and deliver services with speed and efficiency. This has been instrumental in meeting the heightened expectations of today's consumers and ensuring we stay at the forefront of the industry."

– Priscilla Ng, Group Chief Customer and Marketing Officer at Prudential[1]

1 Prudential shifting to customer-centric insurance | McKinsey

Exhibit 5: Visualizing the next era of insurance – a glimpse into the future

Source: Everest Group (2025)

Real-time car insurance premium

A cab driver's car insurance premium is computed in real time based on their driving decisions, the state of their vehicle, current traffic conditions, and compliance with speed limits, lane adherence, and signals. The system is hyper-personalized and requires minimal human intervention by the driver and the insurance ecosystem, including risk underwriting, premium computation, and timely, informed notifications.

Instant accident response

A customer is involved in a minor car accident. Car sensors notify the insurance company automatically. Instantly, an AI-driven virtual assistant contacts the customer through their smart device, offering immediate support and guidance. A nearby autonomous drone is dispatched to assess the damage, capture detailed images, and initiate the claims process. The customer receives real-time updates, completing the entire process in hours

Personalized health coaching plan

A health insurance policyholder receives a notification on their wearable device about an upcoming health check-up. The device has been monitoring their vital signs and activity levels. Based on this data, the insurance company offers personalized health coaching sessions via a virtual reality platform. The customer follows the customized diet, exercise routine, and stress management regimen, thereby reducing their premiums and maintaining a healthier lifestyle.

Smart home integration

A homeowner with a smart home insurance policy experiences a burst pipe while on vacation. Smart sensors detect the leak and automatically turn off the water supply to prevent further damage. The insurance company is alerted immediately and sends a notification to the homeowner's smartphone. A repair team is dispatched to fix the issue, and the customer can monitor the progress through live video. The incident is resolved with minimal disruption, and the customer receives a detailed report and follow-up recommendations.

Dynamic travel insurance

A frequent traveler buys a dynamic travel insurance policy that adjusts coverage based on real-time conditions. As the customer prepares for a trip, the insurance application analyzes weather forecasts, political stability, and health advisories at the destination. The application automatically updates the coverage and sends personalized safety tips if any risks are detected. During the trip, the customer receives real-time alerts and assistance if any issues arise, enabling a safe and secure travel experience.

Virtual property inspection

A customer seeking to insure a new property schedules a virtual inspection via AR. They receive AR glasses to guide them through a detailed walkthrough of the property, highlighting areas that need attention. The insurance company's virtual agent offers instant feedback and recommendations. The customer can complete the inspection and policy setup without an in-person visit, making the process efficient and convenient.

Real-time, hyper-personalized insurance premiums, instant accident responses, and tailored health coaching illustrate the potential for seamless, proactive, and zero-touch customer experiences. Smart home integration, dynamic travel insurance, and virtual property inspections further highlight the possibilities for enhancing customer satisfaction and loyalty.

By adopting these forward-thinking strategies, insurers can exceed customer expectations, drive operational efficiency, and foster improved customer engagement. The future is about adopting new technologies and reimagining the entire customer journey to deliver unparalleled value and build trust.

Conclusion

Success in the insurance industry relies on delivering superior customer experiences through technology innovation. Insurers must prioritize efficient data use and data-driven processes, deploy AI-driven transformations, offer personalized multi-channel experiences, modernize legacy systems, and strengthen cybersecurity to build trust.

Collaborating with third-party service providers can significantly accelerate this digital transformation for insurers. These partnerships offer valuable domain expertise, advanced technology ecosystems, comprehensive 360-degree customer insights, and agile implementation capabilities, enabling insurers to adapt swiftly to market demands.

Insurers can strengthen their position by evaluating existing capabilities, leveraging customer feedback, analyzing competitors' CX strategies, and creating a digital roadmap aligned with modern customers' expectations. As the insurance landscape evolves, organizations that act decisively and integrate CX strategies will gain a significant competitive edge and stay ahead in the market.

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